

Message Text

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PAGE 01 CAIRO 03270 121601Z

20 S
ACTION NEA-10

INFO OCT-01 ISO-00 SS-15 SAM-01 SP-02 EB-07 INR-07 NSC-05

CIAE-00 AID-05 /053 W
----- 111426

R 121510Z MAR 76
FM AMEMBASSY CAIRO
TO SECSTATE WASHDC 0915
INFO DEPT OF TREASURY WASHDC

C O N F I D E N T I A L CAIRO 3270

E.O. 11652: GDS

SUBJECT: HIGHER INTEREST RATE FOR US PL 480 EGYPTIAN POUND
HOLDINGS

REF: CAIRO 2072

1. UPON MY RETURN TO CAIRO, I INQUIRED WHETHER
SECRETARY SIMON HAD RASIED WITH GOE OUR DESIRE FOR
HIGHER INTEREST RATE ON OUR PL 480 POUND HOLDINGS.
THOUGH NO REPLY TO REFTEL WAS EVER RECEIVED, I WAS
LED TO UNDERSTAND BY SECRETARY'S ADVANCE MAN THAT
HE WOULD RAISE THE SUBJECT AND ACCEPT ABU ISMAIL'S
PROPOSAL. I GATHER, HOWEVER, THAT THE SUBJECT WAS
NOT RAISED DURING THE SECRETARY'S TRIP.

2. WHILE I ASSUME THIS WAS INADVERTENT AND CAUSED
BY SHORTNESS OF SECRETARY'S STAY IN CAIRO, IT
IS UNFORTUNATE, SINCE THE EGYPTIANS HAD EXPECTED
SUBJECT WOULD BE BROACED AND WILL READ INTO OUR
FAILURE TO DO SO A DISINTEREST ON WASHINGTON'S PART
IN OBTAINING HIGHER INTEREST RATE. THEY WILL WANT
TO BELIEVE THIS IS NO MORE THAN AN EMBASSY IDEA.
IN ORDER SALVAGE SITUATION, I RECOMMEND I BE
AUTHORIZED ASAP TO SEND FORMAL LETTER TO ABU ISMAIL
TAKING NOTE OF HIS PROPOSAL AND INDICATING OUR
AGREEMENT TO IT ON THE UNDERSTANDING THAT AHIGHER
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PAGE 02 CAIRO 03270 121601Z

INTEREST RATE WILL BE LOOKED AT NEXT YEAR. I WOULD,

OF COURSE, REQUEST THAT THE PROPOSED 1 PERCENT INTEREST
RATE GO INTO EFFECT IMMEDIATELY AND THAT, IF THERE
IS ANY UPWARD CHANGE IN PREVAILING INTEREST RATES,
WE WOULD EXPECT COMMENSURATE TREATMENT.

3. PLEASE INSTRUCT.
EILTS

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NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PL 480, FOREIGN EXCHANGE HOLDINGS, POUND (CURRENCY), INTEREST RATES
Control Number: n/a
Copy: SINGLE
Draft Date: 12 MAR 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: RowellE0
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976CAIRO03270
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D760095-0533
From: CAIRO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760368/aaaachro.tel
Line Count: 68
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION NEA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 76 CAIRO 2072
Review Action: RELEASED, APPROVED
Review Authority: RowellE0
Review Comment: n/a
Review Content Flags:
Review Date: 08 JUN 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <08 JUN 2004 by BoyleJA>; APPROVED <20 OCT 2004 by RowellE0>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: HIGHER INTEREST RATE FOR US PL 480 EGYPTIAN POUND HOLDINGS
TAGS: EFIN, US, EG
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006